

AGENDA BILL APPROVAL FORM

Agenda Subject: Ordinance No. 6257		Date: August 11, 2009
Department: Planning, Building, and Community	Attachments: Ordinance No. 6257	Budget Impact:
Administrative Recommendation: City Council introduce and adopt Ordinance No. 6257.		
Background Summary: <p>The City originally adopted Ordinance No. 5779 creating Auburn City Code (ACC) Chapter 3.94, Multi-Family Property Tax Exemption. This chapter allowed a property tax exemption for ten years for projects that created 30 or more permanent occupancy units, with an investment of at least \$200,000.</p> <p>In 2007, the State Legislature amended RCW Chapter 84.14, which permits cities to enact this type of legislation, to incorporate affordable housing. If a project included a certain percentage of affordable housing then the property tax exemption could be realized for twelve years. With no affordable housing in the project then only eight years of exemption can be obtained.</p> <p>The proposed ordinance amends various sections of ACC Chapter 3.94 to address changes to RCW 84.14. As mentioned above, the significant change is difference in how long the property exemption applies to a project; eight years for no affordable housing and twelve years if affordable housing, for low or moderate income households, is included in the project.</p> <p>At the Planning and Community Development Committee meeting on August 10, 2009, the Committee reviewed the proposed code amendment and did not have any changes. The Finance Committee has also reviewed the proposed code amendments.</p> <p>L0817-1</p> <p>F6.6.9</p>		
Reviewed by Council & Committees: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Arts Commission <input type="checkbox"/> Airport <input type="checkbox"/> Hearing Examiner <input type="checkbox"/> Human Services <input type="checkbox"/> Park Board <input type="checkbox"/> Planning Comm. </div> <div style="width: 45%;"> COUNCIL COMMITTEES: <input checked="" type="checkbox"/> Finance <input type="checkbox"/> Municipal Serv. <input checked="" type="checkbox"/> Planning & CD <input type="checkbox"/> Public Works <input type="checkbox"/> Other _____ </div> </div>		Reviewed by Departments & Divisions: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Building <input type="checkbox"/> Cemetery <input type="checkbox"/> Finance <input type="checkbox"/> Fire <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Public Works <input type="checkbox"/> Information Services </div> <div style="width: 45%;"> <input type="checkbox"/> M&O <input type="checkbox"/> Mayor <input type="checkbox"/> Parks <input checked="" type="checkbox"/> Planning <input type="checkbox"/> Police <input type="checkbox"/> Human Resources </div> </div>
Action: Committee Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No Council Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No Referred to _____ Until ____/____/____ Tabled _____ Until ____/____/____ <div style="text-align: right;">Call for Public Hearing ____/____/____</div>		
Councilmember: Norman		Staff: Baker
Meeting Date: August 17, 2009		Item Number: VIII.A.4

ORDINANCE NO. 6 2 5 7

**AN ORDINANCE OF THE CITY OF AUBURN,
WASHINGTON, AMENDING CHAPTER 3.94 OF
THE AUBURN CITY CODE RELATING TO MULTI-
FAMILY PROPERTY TAX EXEMPTION**

WHEREAS, in 1995 the Washington State Legislature adopted Chapter 84.14 RCW, to encourage increased residential opportunities in cities required to plan under the Growth Management Act, by providing for special property tax valuation for eligible multi-family housing in targeted urban, residential areas; and

WHEREAS, Chapter 84.14 further authorized cities with a population of at least fifteen-thousand to adopt procedures to implement the special property tax valuations; and

WHEREAS, the City of Auburn adopted the Auburn Comprehensive Plan, to implement the planning requirements of the Growth Management Act, RCW 36.70A; and

WHEREAS, the Auburn Comprehensive Plan establishes a need for multi-family housing and expressly designates the downtown as a location for multifamily housing; and

WHEREAS, the City of Auburn adopted the Auburn Downtown Plan as a complement to the Auburn Comprehensive Plan; and

WHEREAS, the Auburn Downtown Plan demonstrates a need for the redevelopment of the downtown and establishes a plan for the redevelopment that includes the new construction of multifamily housing; and

WHEREAS, an assessment of available properties indicates a need for new construction in the target area; and

WHEREAS, in order to justify the tax abatement program, it is appropriate that the residential development to which the tax abatement program would apply establish a long term benefit to the City; and

WHEREAS, the residential development to which the tax abatement program would apply should also reflect a minimum investment; and

WHEREAS, the advantages of new construction to the City therefore outweigh disadvantages; and

WHEREAS, as an Urban Center the City is obligated to increase densities in its urban center; and

WHEREAS, the Downtown Plan establishes certain development criteria intended to promote development in the downtown area; and

WHEREAS, to further promote such development, the Auburn City Council desires to adopt procedures for the application for and approval of property tax incentives for qualifying multifamily housing within the downtown; and

WHEREAS, the state legislature amended RCW 84.14 and the in order to be eligible for a multi-family property tax exemption certain changes to Chapter 3.94 are warranted.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN
DO ORDAIN as follows:

Section 1. Amendment to City Code. That Chapter 3.94, Multi-Family

Property Tax Exemption, of the Auburn City Code be and the same hereby is amended to read as follows:

3.94.020 Purpose.

As provided for in Chapter 84.14, RCW, the purpose of this Chapter is to provide limited, eight (8) ~~ten (10)~~-year exemptions from ad valorem property taxation for qualified new multifamily and rehabilitated multi-family housing constructed in the Downtown Core and 12(twelve) year exemptions from ad valorem property taxation for qualified new affordable multifamily and rehabilitated multifamily housing constructed in the Downtown Core in order to:

A. Accomplish the planning goals of the Growth Management Act, RCW 36.70A and the City of Auburn Comprehensive and Downtown Plans; and

B. Encourage residential opportunities, including affordable housing opportunities, within the Downtown Core; and

C. Stimulate new construction of multifamily housing in the Downtown Core to increase housing opportunities; and

D. Assist in directing future population growth into the City's Downtown Core thereby encouraging the most efficient use of the City's infrastructure; and

E. Achieving development densities that enhance the use of the community's mass transit opportunities and the public investment in such opportunities; and

F. Promote community development and Downtown Core revitalization in fulfillment of the City's Downtown Plan.

3.94.030 Definitions.

In construing the provisions of this Chapter, the following definitions shall be applied:

A. Assessor means the King County Assessor.

B. Affordable Housing means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the household's monthly income. For the purposed of housing intended for owner occupancy, "affordable housing" means residential housing that is within the means of low or moderate-income households.

C.B. Director means the Director of the City of Auburn Department of Planning and Community Development~~Planning, Building, and Community Department~~ or any other City office, department or agency that shall succeed to its functions with respect to this Chapter, or his/her authorized designee.

D. High cost area means a county where the third quarter median house price for the previous year as reported by the Washington center for real estate research at Washington State University is equal to or greater than one

hundred thirty percent of the statewide median house price published during the same time period.

E. Low-income household means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "low-income household" means a household that has an income at or below one hundred percent of the median family income adjusted for family size, for the county where the project is located.

F. Moderate-income household means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "moderate-income household" means a household that has an income that is more than one hundred percent, but at or below one hundred fifty percent, of the median family income adjusted for family size, for the county where the project is located.

GG. Multifamily housing means a building having ~~thirty (30)~~ four (4) or more dwelling units designed for permanent residential occupancy.

HD. Owner means the property owner of record.

IE. Permanent residential occupancy means multifamily housing that provides either rental or owner occupancy for a period of at least one (1) month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

J. Rehabilitation improvements means modifications to existing structures that are vacant for twelve months that are made to achieve a condition of substantial compliance with existing building codes or modification to existing occupied structures which increase the number of multifamily housing units.

KF. Residential targeted area means an area within an urban center that has been designated by the City Council as a residential targeted area in accordance with this Chapter.

1. Pursuant to this Section, the Auburn Downtown Core, as designated by "Exhibit A" attached is designated the residential targeted area.

2. If a part of any legal lot is within the residential targeted area, then the entire lot shall be deemed to lie within the residential targeted area.

LG. Urban center means a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

1. Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;

2. Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and

3. A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.

3.94.040 Tax Exemption – Duration – Valuation – Exceptions.

A. Exemption, Duration of. The value of new housing construction, conversion, and rehabilitation improvements for market rate property qualifying under this Chapter, is exempt from ad valorem property taxation for ~~ten-eight~~ (108) successive years beginning January 1st of the year immediately following the calendar year of issuance of the Final Certificate of Tax Exemption and twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the Final Certificate of Tax Exemption for affordable housing qualifying under this Chapter.

B. Limits on exemption. The exemption does not apply to the value of land or to the value of non-housing improvements, nor does the exemption apply to increases in assessed valuation of land and non-qualifying improvements. This Chapter also does not apply to increases in assessed valuation made by the assessor on non-qualifying portions of building and value of land, nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or a county, to a class of property throughout the county or specific area of the county achieve the uniformity of assessment or appraisal required by law. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application required under RCW Chapter 84.14.

C. Only newly constructed or rehabilitated market rate units with a minimum investment of \$200,000 per unit annually adjusted for inflation by the Consumer Price Index as of the passage date of this document or newly constructed or rehabilitated market rate units with a minimum investment of \$200,000 per unit annually adjusted for inflation by the Consumer Price Index as of the passage date of this document and 20% or more of the units priced as affordable units shall qualify for the exemption.

3.94.050 Project eligibility.

To qualify for exemption from property taxation under this Chapter, the property must satisfy all of the following requirements:

A. The property must be located in the designated residential targeted area.

B. The project must consist of at least ~~thirty (30)~~ four (4) dwelling units of multifamily housing, located within a residential structure or a mixed use development, in which at least fifty (50) percent of the space within such residential structure or mixed use development is intended for permanent residential occupancy.

C. The property must be used and/or developed in a way that increases or preserves property valuation, and the use or development of the property must represent an increased investment in the property and property maintenance that results in an increase in the over-all property values in the target area.

D. The project must comply with all zoning requirements, land use regulations, and building code requirements contained in the Auburn City Code and applicable upon land use permit approval or submittal of a complete building permit application, whichever occurs sooner.

E. For the duration of the exemption granted under this Chapter, the property shall have no violations of applicable zoning requirements, land use regulations, or building code requirements contained in the Auburn city Code for which the City of Auburn and/or its departments or divisions have issued a "stop work order" or notice of violation and order to correct that are not resolved by a voluntary correction agreement, vacation by the hearing examiner, or action of the property owner in compliance with the applicable code requirements as determined by the Director, within the time period for compliance as provided in such notice(s) and any extension of the time period for compliance granted by the Director.

F. New construction of multifamily housing must be completed within three (3) years from the date of approval of the application or by any extended deadline granted by the Director pursuant to Section 3.94.070(C), ACC.

G. The owner must enter into a written agreement with the City, approved by the Director, and signed by the Mayor, in which the owner has agreed to the implementation of the development on terms and conditions satisfactory to the City.

3.94.060 Application procedure.

The owner of property applying for exemption under this Chapter shall submit an application to the director on a form established by the Director. The owner shall verify the correctness of the information contained in the application by his/her signature and affirmation made under penalty of perjury under the laws of the State of Washington. The application shall contain such information as the Director may deem necessary or useful, which at a minimum shall include:

A. A completed City of Auburn application form, including information setting forth the grounds for tax exemption

B. A brief written description of the project, and schematic site and floor plans of the multifamily units and the structure(s) in which they are proposed to be located;

C. Floor and site plans of the proposed project, which plans may be revised by the owner provided in the opinion of the Director, such revisions do not materially alter the nature of the project or the rationale substantiating the exemption application;

D. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this Chapter

E. At the time of initial application under this section, the owner shall pay to the City an initial application fee of one thousand dollars (\$1,000), plus an amount necessary to cover recording fees under Section 3.94.100 ACC.

F. Except as otherwise provided in Section 3.94.070, ACC, the application shall be submitted any time before the earlier of (1) an application for a land use approval process and (2) an application for a building or other construction permit

G. If on the effective date of this Chapter, the owner has applied for a permit identified in Subsection 6 of this section, then application for exemption under this section may be submitted any time prior to issuance of a building permit.

3.94.070 Application Review – Approval – Required findings – Issuance of conditional certificate – Denial – Appeal.

A. The director may approve an application if he or she finds that:

1. When a new structure is being created, or an existing structure is being rehabilitated a minimum of thirty (30) four (4) new multi-family units are being constructed; or an existing structure vacant for 12 months or more has a minimum of four(4) units being rehabilitated;

2. The proposed project is or will be, at the time of completion, in conformance with all approved plans, and all applicable requirements of the Auburn City Code or other applicable requirements or regulations in effect at the time the application is approved;

3. The owner has complied with all of the requirements of this Chapter, including but not limited to project eligibility requirements contained in Section 3.94.050 ACC, and application requirements contained in Section 3.94.060 ACC; and

4. The project site is located within a designated residential targeted area.

B. The Director shall deny an application if the foregoing criteria are not met.

C. If the application is approved, the owner shall enter into a contract, the Director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of approval unless an extension is granted as provided in Section 3.94.090, ACC.

D. Following his/her approval of the contract, the Director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of approval unless an extension is granted as provided in Section 3.94.090, ACC.

E. If the application is denied, the Director shall state in writing the reasons for the denial and send notice of denial to the owner's last known address within ten (10) working days of the denial.

F. An owner may appeal a denial of a tax exemption application to the Hearings Examiner by filing a notice of appeal with the City Clerk within thirty (30) calendar days of receipt of notice of the denial. The appeal before the Hearings Examiner shall be based upon the record before the Director, and the Director's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the director's decision.

Section 2. Severability. That if any provision of this Ordinance or the application thereof to any person or circumstance is held to be invalid, the remainder of such code, ordinance or regulation or the application thereof to other person or circumstances shall not be affected.

Section 3. Implementation. The Mayor is hereby authorized to implement such administrative procedures as may be necessary to carry out the directions of this legislation.

Section 4. Effective Date. This Ordinance shall be in full force and effect five days from and after its passage and publication as provided by law..

INTRODUCED: _____

PASSED: _____

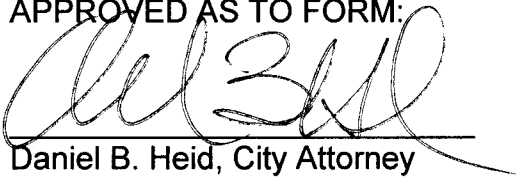
APPROVED: _____

PETER B. LEWIS, MAYOR

ATTEST:

Danielle E. Daskam, City Clerk

APPROVED AS TO FORM:



Daniel B. Heid, City Attorney

PUBLISHED: _____